Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANNUAL REVENUE REQUIREMENT AND PERFORMANCE INCENTIVE SCHEME FOR THE REVISED FIFTH REGULATORY PERIOD (REGULATORY YEARS 2026-2029) IN ACCORDANCE WITH THE PROVISIONS OF THE RULES FOR SETTING DISTRIBUTION WHEELING RATES (RDWR), AS MODIFIED UNDER ERC RESOLUTION NO. 17, SERIES OF 2024

ERC CASE NO. 2025-035 RC

MANILA ELECTRIC COMPANY (MERALCO),
Applicant.
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Promulgated:
February 10, 2025

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 07 February 2025, Manila Electric Company (MERALCO) filed an *Application*, dated 05 February 2025, seeking the Commission's approval of the Annual Revenue Requirement (ARR) and Performance Incentive Scheme (PIS) for the Revised Fifth Regulatory Period (5th RP) covering Regulatory Years (RYs) 2026 to 2029, in accordance with the Rules for Setting Distribution Wheeling Rates (RDWR), as modified under Resolution No. 17, Series of 2024.

The pertinent allegations of the *Application* are hereunder quoted as follows:

1. Applicant MERALCO is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.

I. BACKGROUND

3. On 30 October 2024, this Honorable Commission issued the Order of even date, granting Applicant's Motion for Partial Reconsideration dated 27 May 2024 in ERC Case No. 2022-015, which: (a) allowed the withdrawal of the application for approval of its Annual Revenue Requirement (ARR) and Performance Incentive Scheme (PIS) for the Fifth Regulatory Period (5RP) for Regulatory Years (RYs) 2023 to 2026; and (b) directed MERALCO to re-file its 5RP Application in accordance with the rules to be adopted by the Honorable Commission.

4. On 17 December 2024, this Honorable Commission promulgated Resolution No. 17, Series of 2024, where it resolved to "APPROVE and ADOPT the *Rules Amending the Modified RDWR"*, resulting in the amendment of Applicant's 5RP to cover RYs 2026 to 2029 or from 1 July 2025 to 30 June 2029. Applicant was further directed to file its new application for the 5RP within thirty (30) days from the effectivity of the Resolution.

II. THE INSTANT APPLICATION FOR THE FIFTH REGULATORY PERIOD

5. Applicant will continue operating under Performance Based Regulation (PBR), entering the revised Fifth Regulatory Period ("5RP") as part of the First Entry Group.[1] This 5RP will commence on 1 July 2025 and terminate on 30 June 2029.

6. The filing of this Application is in accordance with the Honorable Commission's revised Rules for Setting Distribution Wheeling Rates ("RDWR") for Privately Owned Distribution Utilities entering Performance Based Regulation

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[1] The entry group was originally described in Annex B of ERC Resolution No. 12-02 Series of 2004 entitled, "Adopting a Methodology for Setting Distribution Wheeling Rates", dated 10 December 2004, and later amended by the Honorable Commission to provide for four entry points.

dated 2 December 2021, as modified by ERC Resolution No. 17, Series of 2024, issued on 27 December 2024.

7. Applicant has prepared its proposal in accordance with the conditions described in the afore-mentioned RDWR, as modified, applicable rules, regulations and implementing guidelines issued by the Honorable Commission. The application submitted to the Honorable Commission utilized the methodology described in the RDWR, as modified, and applied the financial spreadsheet model previously provided to the Applicant by the Honorable Commission.

8. Applicant proposes that the ARR and PIS values to be approved form the basis of the X-factor, P_0-factor and the Maximum Annual Prices ("MAP") that will apply to Applicant and on which it will base its rate setting for the 5RP.

Proposed Annual Revenue Requirement (ARR)

9. The proposed ARR is based on the Building Block calculation[2] described in the RDWR, with the exclusion of corporate income tax.

10. As prescribed under the revised RDWR,[3] included in the proposed ARR is an efficiency carry-over calculated in accordance with pertinent rules and regulations.

11. The proposed ARR for each RY based on the Building Block computation under the revised RDWR is set forth below:

Table 1. Proposed Annual Revenue Requirement per Regulatory Year as per Building Block approach[4] (Nominal PhP)

Building Block	Proposed Revenue Requirement per Regulatory Year (PhP, Nominal)			
	RY2026	RY2027	RY2028	RY2029
Operating and maintenance expenditure	31,303,262,800	33,848,691,523	36,207,050,573	39,302,373,330
Taxes, levies & duties (other than corporate tax)	4,664,543,940	648,647,839	690,282,106	734,089,046
Regulatory depreciation	12,808,509,923	17,052,709,409	20,820,103,166	23,831,795,262
Return on capital	31,108,010,660	38,055,902,707	44,696,139,759	50,588,248,660
Revenue Requirement Subtotal	**79,884,327,323**	**89,605,951,479**	**102,413,575,604**	**114,456,506,299**
Efficiency carry-over	1,963,471,303	3,192,133,080	1,500,541,257	162,472,779
TOTAL REVENUE REQUIREMENT	**81,847,798,626**	**92,798,084,559**	**103,914,116,861**	**114,618,979,078**

12. The ARR is based on a proposed rolled-forward value of the Applicant's Regulatory Asset Base ("RAB") as described below. The opening value of the RAB for the 5RP is based on

2 Revised RDWR, Article 4.7.1.
3 Revised RDWR, Article 6.4.2.
4 The meaning and application of these parameters are as described in the revised RDWR.

the value of the RAB as of 31 October 2024, and rolled forward using the projected Capital Expenditure ("CAPEX") additions, depreciation and disposals from 1 November 2024 to 30 June 2025. The value of the RAB, as of 31 October 2024, is subject to review by the Independent Expert in its Report, in accordance with the Honorable Commission's RAB Roll-Forward Handbook for Privately Owned Distribution Utilities, issued under ERC Resolution No. 11, Series of 2021.

Table 2. Summary of proposed Rolled-forward Regulatory Asset Base Rolled-forward Regulatory Asset Base (Nominal PhP)

	RY2026	RY2027	RY2028	RY2029
Opening Value of RAB	187,569,013,194	229,703,035,112	282,024,751,163	319,997,299,219
Depreciation on RAB	12,808,509,923	17,052,709,409	20,820,103,166	23,831,795,262
Capital Expenditure	54,888,622,036	69,311,538,154	58,749,978,045	65,656,925,184
Change in assets used over regulatory lives	53,909,804	62,887,306	42,673,178	39,547,186
Closing Value of RAB	229,703,035,112	282,024,751,163	319,997,299,219	361,861,976,328
Average RAB for the Year	**208,636,024,153**	**255,863,893,137**	**301,011,025,191**	**340,929,637,774**

13. Several Major CAPEX Projects are tagged as "Carry-over" as they are currently ongoing and are essential for the improvement of Applicant's operations. These projects are slated to be commissioned between RY2026 and RY2027 and formed part of the 5RP RAB computations.

Table 3. Summary of Proposed Lapsed Period Carry-Over Capital Expenditure

Lapsed Period Carry-Over Capital Expenditures per Regulatory Year		
	RY2026	RY2027
Nominal Value	20,427,580,999	10,173,494,385
Nominal Value with CWIP	20,799,823,918	10,415,656,437

14. In calculating the afore-mentioned ARR for the 5RP, Applicant utilized the estimated Philippine Consumer Price Index, United States of America Consumer Price Index and Philippine Peso/United States dollar exchange rate figures, as follows:

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Table 4a. Forecast Change in the Consumer Price Index for the Philippines

	2024	2025	2026	2027	2028	2029
Calendar Year	126.2	129.4	133.8	138.0	142.2	146.4
Regulatory Year	[redacted]	127.6	131.3	135.7	139.9	144.1
Data source :	Actual CPI, all items, for all income households in the Philippines (2018=100) up to September 2024, Philippine Statistics Authority Calendar year forecasts of PH CPI are based on the inflation forecast of the Economist Intelligence Unit (EIU) as contained in its December 2024 Country Report. The regulatory year forecasts of PH CPI are based on the template worksheets provided to the Applicant by the Honorable Commission.					

Table 4b. Forecast Change in the Consumer Price Index for the United States of America

	2024	2025	2026	2027	2028	2029
Calendar Year	313.843	321.061	329.088	337.315	345.073	352.665
Regulatory Year	[redacted]	315.846	323.426	331.512	339.468	347.106
Data source :	Actual CPI, all item in U.S. city average, all urban consumers, not seasonally adjusted (1982-84=100) up to September 2024, United States Bureau of Labor Statistics Calendar year forecasts of U.S. CPI are based on the U.S. inflation forecast of the Economist Intelligence Unit as contained in its December 2024 Country Report. The regulatory year forecasts of U.S. CPI are based on the template worksheets provided to the Applicant by the Honorable Commission.					

Table 4c. Forecast PhP/US$ Exchange Rate (average for the year)

	2024	2025	2026	2027	2028	2029
Calendar Year	57.41	58.30	57.02	56.35	54.90	53.70
Regulatory Year	[redacted]	58.04	57.66	56.69	55.63	54.30
Data source :	Actual period average of PHP USD exchange rate up to September 2024, Bangko Sentral ng Pilipinas Calendar year forecasts of PHP:USD exchange rate are based on period average PHP:USD exchange rate forecast of the Economist Intelligence Unit (EIU) as contained in its December 2024 Country Report. The regulatory year forecasts of PHP:USD exchange rate are based on the template worksheets provided to the Applicant by the Honorable Commission.					

a. For purposes of the initial and subsequent annual price verification process during the 5RP as required under the revised RDWR, Applicant will update the afore-mentioned Consumer Price Indices and foreign exchange rates using actual values.

15. The afore-mentioned ARR is partly based on a proposed Weighted Average Cost of Capital ("WACC") of 14.6%. Applicant's calculations considered the recommendations of NERA Economic Consulting, Inc., a recognized and reputable global economic consulting firm which conducted a study on the matter.

16. In accordance with the revised RDWR, a proposal has been made to include assets used beyond their standard lives in the RAB at a value equivalent to five (5%) percent of their optimized replacement cost.

Capital Expenditure

17. The proposed CAPEX included in the afore-mentioned calculation of the rolled-forward RAB is as follows:

Table 5. Summary of Proposed 5RP Capital Expenditure

	Capital Expenditures per Regulatory Year (5RP) (PhP)			
	RY2026	RY2027	RY2028	RY2029
Nominal Values	34,386,654,550	58,500,566,560	57,911,849,596	64,557,857,658
Nominal Values, including CWIP factor	34,990,141,389	59,492,129,847	59,034,282,798	65,779,988,238

18. The proposed CAPEX projects are necessary: (i) to augment the capacity of the network to meet demand growth or new customer requirements; to replace and refurbish aging, and obsolete assets; (ii) to relocate assets needed for the implementation of government infrastructure and third-party initiated projects; (iii) to purchase and construct non-network assets required for the normal efficient operation of the electric distribution system; (iv) to deploy automation and technology projects, including the Advanced Metering Infrastructure (AMI) Program to more than three (3) million customers, as well as innovative solutions for various electrification projects; and (v) to comply with regulatory requirements as embodied in the EPIRA, the Philippine Distribution Code, the Philippine Electrical Code, applicable international standards, and other relevant rules and regulations with emphasis on maintaining the integrity, reliability and efficiency of the electric system, and for the continuous improvement in service quality and performance measurement for the benefit of the consumers.

Operating & Maintenance Expenditure

19. The proposed Operating & Maintenance Expenditure ("OPEX") included in the afore-mentioned calculation of the ARR is provided as follows:

Table 6. Summary of Proposed 5RP Operating & Maintenance Expenditure

	Operating & Maintenance Expenditures per Regulatory Year (5RP) (PhP)			
	RY2026	RY2027	RY2028	RY2029
Nominal Value	31,303,262,800	33,848,691,523	36,207,050,573	39,302,373,330

20. The proposed OPEX are necessary to: (i) maintain the safety, efficiency and reliability of the distribution network; (ii) support the growing asset base; (iii) allow Applicant to deliver services to its customers and support its business operations including the use of automation and digital technologies; (iv) meet the requirements of Government programs and regulations imposed on the Applicant; and (v) meet the

performance targets under the Performance Incentive Scheme. The proposed OPEX will support strong growth prospects for the economy with sustained moderate growth in kWh sales throughout the 5RP. Moreover, additional OPEX is needed, not only to meet service performance levels, but also to ensure that Applicant's reliability standards are kept at par with other power distribution utilities serving other countries in the Asian region, which are the Philippines' competitors for direct foreign investment. Applicant has to meet customers' increasingly more stringent requirements, particularly those customers whose output are the main drivers of our economic growth and source of export income.

Taxes other than Corporate Income Tax

21. The proposed expenditure on Taxes, Levies & Duties (other than corporate income tax) included in the afore-mentioned calculation of the ARR is provided as follows:

Table 7. Summary of proposed 5RP Taxes, Levies & Duties (other than Corporate Income Tax) Expenditure

	Other Taxes per 5RP Regulatory Year (PhP)			
	RY2026	RY2027	RY2028	RY2029
Nominal Value	4,664,543,940	648,647,839	690,282,106	734,089,046

a. As provided under ERC Resolution No. 2, Series of 2021, the real property taxes for the 5RP are no longer included in the forecast and are recovered in accordance with said resolution. However, Applicant proposed to recover the real property taxes incurred and paid for the period prior to CY 2020.

b. The above-mentioned proposed taxes, levies & duties (other than corporate income taxes) expenditures show an increase from current levels due to new and additional impositions initiated by various local government units within Applicant's franchise area such as for changes in the schedule of fees and other permits. The forecasts likewise considered the imposition by Local Government Units of regulatory fees on Applicant's poles.

Regulatory Depreciation

22. The proposed Regulatory Depreciation, which includes an allowance for assets intended to be disposed of during the 5RP, after allowing for any potential income from the sales of such disposed assets, is as shown below. The values below include depreciation both on the assets which make up Applicant's RAB at the start of the 5RP and those that Applicant proposes to be acquired during the 5RP. Additionally, depreciation is calculated on a straight-line basis, based on the standard asset lives as approved by the Honorable Commission, where these are available.

Table 8. Summary of proposed Depreciation (per Regulatory Year)

	RY2026	RY2027	RY2028	RY2029
Opening asset base	10,170,098,201	10,170,098,201	9,899,761,764	9,361,716,288
Interim assets before regulatory period	650,052,198	650,052,198	650,052,198	650,052,198
Assets acquired during regulatory period	1,844,685,958	6,042,335,018	10,022,469,577	13,522,067,980
Subtotal	**12,664,836,358**	**16,862,485,417**	**20,572,283,539**	**23,533,836,467**
+ disposals	287,347,131	380,447,984	495,639,253	595,917,591
- income from disposals	143,673,565	190,223,992	247,819,627	297,958,796
TOTAL	**12,808,509,923**	**17,052,709,409**	**20,820,103,166**	**23,831,795,262**

23. Sales of energy, including those to Applicant, are forecasted as follows:

Table 9. Summary of forecast energy consumption (per Regulatory Year)

	RY2026	RY2027	RY2028	RY2029
Energy consumption (MWh)	55,012,937	56,664,727	58,578,864	60,603,819

24. The estimates of the afore-mentioned energy sales are based on the following forecast of co-incident annual peak demand on the whole distribution network:

Table 10. Summary of forecast peak demand (per Regulatory Year)

	RY2026	RY2027	RY2028	RY2029
Demand (MW)	9,576	9,910	10,284	10,671

25. The estimated price-path for the 5RP, determined using the proposed ARR and an assumed 0.0313 X-factor and -0.3380 P_0-factor, is provided below:

Table 11. Assumed Annual Maximum Average Prices for the Fifth Regulatory Period

	RY 2026	RY 2027	RY 2028	RY 2029
Maximum Annual Price (PhP/kWh)	1.6871	1.6899	1.6894	1.6872

26. The Honorable Commission will determine the actual X factor and P_0-factor after its consideration of this Application and the actual price-path after incorporating such amendments to these proposals as it may deem necessary.

27. Since the MAPs calculated under PBR are not comparable with unbundled rates, Applicant, for illustrative purposes, has prepared a comparison of its current rates for providing distribution wheeling services with those that would result

from the implementation of the aforementioned estimated MAPs, which is presented below:

Table 12. Comparison of estimated rates with current rates (illustrative only)

CUSTOMER CLASSES	UNITS	MERALCO CURRENT RATES	RY 2026
DISTRIBUTION			
Residential & General Service A (RGSA)			
Up to 200 kWh	PhP/kWh	0.9803	1.2231
201-300 kWh	PhP/kWh	1.2908	1.6105
301-400 kWh	PhP/kWh	1.5837	1.9759
401 kWh & Over	PhP/kWh	2.0941	2.6127
General Service B (Small NIS/IS)	PhP/kWh	0.1339	0.1671
	PhP/kW	232.20	289.71
General Power Secondary	PhP/kWh	0.1339	0.1671
	PhP/kW	232.20	289.71
General Power Primary	PhP/kWh	0.0502	0.0626
Below 13.2 kV	PhP/kW	178.85	223.15
13.8/13.2 kV	PhP/kW	178.85	223.15
34.5 kV	PhP/kW	178.85	223.15
115 kV and 69 kV	PhP/kW	140.12	174.82
Government Hospitals, Metered Streetlights & Charitable Institutions	PhP/kWh	0.8487	1.0589
Flat Streetlights	PhP/kWh	1.9663	2.4533
Generators (Wheeling)			
Secondary (480 V & below)	per kVA	232.20	289.71
	per kWh	0.1339	0.1671
Primary 34.5 kV & below	per kVA	178.85	223.15
	per kWh	0.0502	0.0626
Primary 69 kV & 115 kV	per kVA	140.12	174.82
	per kWh	0.0502	0.0626
SUPPLY			
Residential & General Service A (RGSA)			
	PhP/Cust/mo	16.38	20.44
	PhP/kWh	0.4979	0.6212
General Service B (Small NIS/IS)	PhP/Cust/mo	363.73	453.82
General Power			
Medium (40 kW ≤ demand < 200 kW)	PhP/Cust/mo	827.54	1,032.50
Large (200 kW ≤ demand < 750 kW)	PhP/Cust/mo	3,432.33	4,282.42
Very Large (750 kW ≤ demand < 10,000 kW)	PhP/Cust/mo	12,460.82	15,547.00
Extra Large (10,000 ≤ demand)	PhP/Cust/mo	12,460.82	15,547.00
Government Hospitals, Metered Streetlights & Charitable Institutions	PhP/Cust/mo	272.78	340.34
Flat Streetlights	PhP/kWh	0.6359	0.7934
Generators (Wheeling)			
Medium (40 kW ≤ demand < 200 kW)	PhP/Cust/mo	827.54	1,032.50
Large (200 kW ≤ demand < 750 kW)	PhP/Cust/mo	3432.33	4,282.42
Very Large (750 kW ≤ demand < 10,000 kW)	PhP/Cust/mo	12,460.82	15,547.00
Extra Large (10,000 ≤ demand)	PhP/Cust/mo	12,460.82	15,547.00
METERING			
Residential & General Service A (RGSA)			
	PhP/Cust/mo	5.00	6.24
	PhP/kWh	0.3350	0.4180
General Service B (Small NIS/IS)	PhP/Cust/mo	354.78	442.65
General Power			
Medium (40 kW ≤ demand < 200 kW)	PhP/Cust/mo	831.72	1,037.71
Large (200 kW ≤ demand < 750 kW)	PhP/Cust/mo	3,451.57	4,306.42
Very Large (750 kW ≤ demand < 10,000 kW)	PhP/Cust/mo	11,823.21	14,751.47
Extra Large (10,000 ≤ demand)	PhP/Cust/mo	11,823.21	14,751.47
Government Hospitals, Metered Streetlights & Charitable Institutions	PhP/Cust/mo	272.64	340.16
Generators (Wheeling)			
Medium (40 kW ≤ demand < 200 kW)	PhP/Cust/mo	831.72	1,037.71
Large (200 kW ≤ demand < 750 kW)	PhP/Cust/mo	3,451.57	4,306.42
Very Large (750 kW ≤ demand < 10,000 kW)	PhP/Cust/mo	11,823.21	14,751.47
Extra Large (10,000 ≤ demand)	PhP/Cust/mo	11,823.21	14,751.47
AVERAGE RATE	**PhP/kWh**	**1.3522**	**1.6871**

Proposed Performance Incentive Scheme

28. The revised RDWR prescribes the determination of a Price-Linked Performance Incentive Scheme (PIS). Under this PIS, Applicant will be rewarded if the service performance levels of its electricity distribution business exceed the target levels as proposed and will be penalized if such service performance levels fall below the proposed targets. The proposed Price-Linked PIS is based on the performance measures and

performance targets shown below. Stepped performance target levels are proposed, which will influence the size of the reward or penalty.

Table 13. Summary of proposed Price-linked Performance Incentive Scheme

			Reward		Target	Penalty	
Performance Indices	**Units**	**Wt.**	**Level A**	**Level B**	**Level C**	**Level D**	**Level E**
1. System Average Interruption Frequency Index (SAIFI)	Number	0.20	SAIFI is less than or equal to 0.68	SAIFI is less than or equal to 0.99 but greater than 0.68	SAIFI is greater than 0.99 but less than or equal to 1.58	SAIFI is greater than 1.58 but less than or equal to 1.89	SAIFI is greater than 1.89
2. System Average Interruption Duration Index (SAIDI)	Minutes	0.20	SAIDI is less than or equal to 65.26	SAIDI is less than or equal to 98.84 but greater than 65.26	SAIDI is greater than 98.84 but less than or equal to 166.00	SAIDI is greater than 166.00 but less than or equal to 199.58	SAIDI is greater than 199.58
3. Momentary Average Interruption Frequency Index (MAIFI)	Number	0.20	MAIFI is less than or equal to 6.32	MAIFI is less than or equal to 7.48 but greater than 6.32	MAIFI is greater than 7.48 but less than or equal to 9.78	MAIFI is greater than 9.78 but less than or equal to 10.93	MAIFI is greater than 10.93
4. System Losses (SL)	%	0.1	SL is less than or equal to 6.33%	SL is less than or equal to 6.50% but greater than 6.33%	Not Applicable	Not Applicable	Not Applicable
5. Time to Process Applications for New Connections (TPA-NC)	Days	0.1	TPA-NC is less than or equal to 3.25 days	TPA-NC is less than or equal to 3.61 days but greater than 3.25 days	TPA-NC is greater than 3.61 days but less than or equal to 4.33 days	TPA-NC is greater than 4.33 days but less than or equal to 4.69 days	TPA-NC is greater than 4.69 days
6. Time to Connect Premises for New Connections (TCP-NC)	Days	0.1	TCP-NC is less than or equal to 2.31 days	TCP-NC is less than or equal to 2.36 days but greater than 2.31 days	TCP-NC is greater than 2.36 days but less than or equal to 2.48	TCP-NC is greater than 2.48 days but less than or equal to 2.53 days	TCP-NC is greater than 2.53 days
7. Call Center Performance (CCP)	% of calls answered within 20 seconds	0.1	CCP is greater than or equal to 96.45%	CCP is greater than or equal to 90.72% but less than 96.45%	CCP is greater than or equal to 79.28% but less than 90.72%	CCP is greater than or equal to 73.55% but less than 79.28%	CCP is less than 73.55%

29. Under the revised RDWR, Applicant is likewise required to propose a Guaranteed Service Level ("GSL") that will directly compensate customers, in the form of reductions in their monthly electricity bills, if service performance falls below certain minimum thresholds. The proposed thresholds and the penalties that will apply are as shown below:

Table 14. Summary of Proposed Guaranteed Service Level Incentive Scheme

Performance Measure	Threshold	Proposed Pay-out Level
GSL 1: Customer experiencing a cumulative duration of sustained interruptions in a Regulatory Year that exceeds the threshold	12 hours	Php 1,430.75
GSL 2: Customer experiencing a total number of sustained interruptions in a Regulatory Year that exceeds the threshold	12 times	Php 1,430.75
GSL 3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time	12 hours	Php 1,430.75
GSL 4: Customer connection not provided on the day agreed with the customer	2 days minimum, 5 days maximum	Payout per day – Php 1,385.62 Minimum Payout – Php 2,771.24 Maximum Payout – Php 6,928.10

30. In support of this Application for the approval of its ARR and PIS, Applicant has attached the following required documents/schedules as described in the revised RDWR:

Schedule	Information provided
A	Regulatory Asset Base
B	Financial indices forecast for the Fifth Regulatory Period
C	Forecast capital expenditure for the Fifth Regulatory Period
D	Forecast disposals during the Fifth Regulatory Period
E	Forecast depreciation during the Fifth Regulatory Period
F	Forecast assets used beyond standard lives
G	Forecast operating & maintenance expenditure
H	Forecast energy consumption and demand
I	Carry-overs from the Third Regulatory Period
J	Proposed Regulatory WACC for the Fifth Regulatory Period
K	Proposed Working Capital
L	Proposed Construction Work in Progress (CWIP) Factor
M	Performance incentive scheme details
N	Additional information for price-cap model
O	Detailed calculations for Fifth Regulatory Period

P	Calculation of demonstrative rates
Q	Overview of performance of the network and the utility during the past five (5) years

31. Considering the foregoing, Applicant most respectfully prays for the approval of this Application to allow it to fulfill its obligations under PBR and to ensure its continued reliable and efficient operations and provision of its services to the public, in general, and its customers, in particular.

PRAYER

WHEREFORE, premises considered, Applicant MANILA ELECTRIC COMPANY most respectfully prays that, after due notice and hearing, the instant Application be approved authorizing Applicant to adopt the proposed Annual Revenue Requirement ("ARR") and Performance Incentive Scheme ("PIS") for the Fifth Regulatory Period.

Applicant MERALCO prays for such other relief as are deemed just and equitable under the premises.

The Commission hereby sets the instant *Application* for hearing for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020[5] and Resolution No. 01, Series of 2021[6] (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
03 March 2025 (Monday) at ten o'clock in the morning (10:00 A.M.)	**Microsoft Teams Application**	Determination of compliance with jurisdictional requirements and expository presentation
03 March 2025 (Monday) at two o'clock in the afternoon (2:00 P.M.)		Expository Presentation
10 March 2025 (Monday) at ten o'clock in the morning (10:00 A.M.)		Pre-Trial Conference
10 March 2025 (Monday) at two		Pre-Trial Conference

5 A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

6 A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

o'clock in the afternoon (2:00 P.M.)		
13 March 2025 (Thursday) at nine o'clock in the morning (9:00 A.M.)		Applicant's Presentation of Evidence
13 March 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Applicant's Presentation of Evidence
17 March 2025 (Monday) at ten o'clock in the morning (10:00 A.M.)		Applicant's Presentation of Evidence
17 March 2025 (Monday) at two o'clock in the afternoon (2:00 P.M.)		Applicant's Presentation of Evidence
18 March 2025 (Tuesday) at nine o'clock in the morning (9:00 A.M.)		Applicant's Presentation of Evidence
18 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)		Applicant's Presentation of Evidence
20 March 2025 (Thursday) at nine o'clock in the morning (9:00 A.M.)		Applicant's Presentation of Evidence
20 March 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Applicant's Presentation of Evidence
21 March 2025 (Friday) at nine o'clock in the morning (9:00 A.M.)		Intervenor's Presentation of Evidence
21 March 2025 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Intervenor's Presentation of Evidence
24 March 2025 (Monday) at ten o'clock in the morning (10:00 A.M.)		Intervenor's Presentation of Evidence

24 March 2025 (Monday) at two o'clock in the afternoon (2:00 P.M.)		Intervenor's Presentation of Evidence
28 March 2025 (Friday) at nine o'clock in the morning (9:00 A.M.)		Intervenor's Presentation of Evidence
28 March 2025 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Intervenor's Presentation of Evidence
04 April 2025 (Friday) at nine o'clock in the morning (9:00 A.M.)		Intervenor's Presentation of Evidence
04 April 2025 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Intervenor's Presentation of Evidence

Accordingly, MERALCO is directed to host the virtual hearings at **MERALCO's principal office located at Lopez Building, Ortigas Avenue, Pasig City,** as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, MERALCO shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at **least one (1) calendar day** prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene at **least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state the following:

1) The petitioner's name, mailing address, and e-mail address;

2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and

3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at **least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

1) The name, mailing address, and e-mail address of such person;

2) A concise statement of the Opposition or Comment; and

3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Joint Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Joint Application*. The Commission will send the access link/s to the aforementioned

hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA,** and Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL,** and **MARKO ROMEO L. FUENTES,** Energy Regulatory Commission, this 10th day of February 2025 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:

KRISHA MARIE T. BUELA
Director III, Legal Service

LS: MVM